State of Idaho

DEPARTMENT OF INSURANCE

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NEWS RELEASE

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Idaho Department of Insurance finalizes third party payment bulletin

BOISE ID (June 29, 2016) – The Idaho Department of Insurance (DOI) released the final version of <u>Bulletin 16-04</u> giving guidance to carriers regarding when and from whom a health insurance company must accept third party payments. The bulletin was issued in draft form in May along with a request for public comment. The DOI received approximately 165 comments.

"I am grateful to those who took the time to comment," says Director Dean Cameron. "We listened carefully to your concerns and suggestions. Although we could not accommodate every request, we made significant adjustments to more clearly protect consumers. We believe the final bulletin is a much better product."

Adjustments made based on public comment include:

- Clarifying that carriers may accept payments from any third party.
- Including Medicare supplement plans as a product for which carriers must accept all third party payments as long as they do not violate anti-kickback provisions.
- Defining a financially interested third party organization as follows: an entity that receives a
 majority of funding from entities with a pecuniary interest in or are subject to direct or indirect
 control by an entity with a pecuniary interest.
- Instructing carriers that they must accept payments from policyholders and covered members and cannot require certification or verification from them regarding the source of funds.
- Requiring carriers to include language in their policies that is no more restrictive than the bulletin.

The bulletin retained the provision that requires carriers to accept third party payments from family and friends, religious institutions, and financially disinterested not-for-profit entities.

"We believe the revised bulletin is in the best interest of all consumers," says Cameron. "Without this guidance, carriers would continue to be free to choose not to accept third party payments from any not-for-profit entities. The bulletin requires carriers to accept third party payments from entities, churches, and charities who are altruistically attempting to assist consumers."

Public comment also revealed a deficiency in the Medicare supplement rule for individuals who qualify for Medicare before age 65. The DOI plans to seek legislative approval to modify the rule and require carriers who market Medicare supplement policies to also offer them to those who qualify for Medicare before age 65. Idaho is among the minority of states that do not require such a provision. Negotiated rulemaking will take place and a public meeting will be held on July 25, 2016.

About the Department of Insurance

The Idaho Department of Insurance has been regulating the business of insurance in Idaho since 1901. The mission of the Department is to equitably, effectively and efficiently administer the Idaho Insurance Code and the International Fire Code. For more information, visit www.doi.idaho.gov.

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